

Standing Appropriations Act House File 2459

Last Action:

**ENACTED
Item Vetoed**

May 27, 2016

An Act relating to state and local finances by making appropriations, providing for legal and regulatory responsibilities, concerning taxation providing penalties, providing for other properly related matters, and including effective date and retroactive and other applicability provisions.

**Fiscal Services Division
Legislative Services Agency**

NOTES ON BILLS AND AMENDMENTS (NOBA)

Available online at: <https://www.legis.iowa.gov/publications/information/appropriationBillAnalysis>

LSA Contacts: Dave Reynolds (515-281-6934) and Jennifer Acton (515-281-7846)

FUNDING SUMMARY

General Fund FY 2017: Provides a net reduction of \$26.5 million to FY 2017 General Fund appropriations.

Other Funds FY 2019: Appropriates \$4.5 million from the Rebuild Iowa Infrastructure Fund (RIIF) for FY 2019.

MAJOR INCREASES/DECREASES/TRANSFERS OF EXISTING PROGRAMS

Reduces the General Fund standing limited appropriation for the Peace Officers' Retirement System (PORS) Fund from \$5.0 million to \$2.5 million. Page 1, Line 9

Reduces the FY 2017 standing appropriation for the Legislative Branch by \$5.4 million. Page 2, Line 1

Reduces the FY 2017 State school aid funding to area education agencies (AEAs) by \$18.8 million. Page 2, Line 13

Adds an additional 5.0 FTE positions to the Secretary of State's Office for FY 2017. Page 7, Line 31

Appropriates \$4.5 million from the Rebuild Iowa Infrastructure Fund (RIIF) for FY 2019 for improvements to the northwest area of the Iowa State Fairgrounds. Page 8, Line 19

STUDIES AND INTENT

Requires state agencies to submit FY 2018 budget information to the Department of Management (DOM) and include all proposed expenditures, supporting data, and explanations. Requires the Director of the DOM to consult with the Legislative Services Agency (LSA) concerning the provision of support data. Page 4, Line 2

Specifies the intent of the General Assembly that Executive Branch agencies use an existing master agreement entered into with DAS on November 17, 2015, to develop a statewide time and attendance solution. *The Governor vetoed this requirement.* Page 4, Line 22

Requires the salary model administrator to work with the LSA to maintain the state's salary model. Requires various departments to submit salary data to the DOM and the LSA. Page 4, Line 35

SIGNIFICANT CODE CHANGES

EXECUTIVE SUMMARY
STANDING APPROPRIATIONS BILL

HOUSE FILE 2459

- Requires the Legislative Tax Expenditure Committee to review the General Fund standing appropriations related to property tax replacement in 2016. Page 2, Line 27
- Eliminates a General Fund standing unlimited appropriation for costs associated with the transfer of a nonresident person with a mental illness to a state hospital or to their place of residence and, instead, requires the Department of Human Services to pay any necessary expenses. Page 3, Line 1
- Eliminates a General Fund standing unlimited appropriation under the purview of the Governor's Office for interstate extradition costs of a prisoner and instead requires the Department of Corrections to pay the costs. Page 3, Line 15
- Changes the timing of when the State Appeal Board disposes of all appeals associated with local budgets from on or before April 30 of each year to within 45 days after the date of the appeal hearing. Page 5, Line 18
- Requires natural hair braiders to register with the Department of Public Health (DPH) in lieu of the Board of Cosmetology Arts and Sciences. In addition, the licensee is required to take one hour of safety and sanitation curriculum per year. Gives the DPH the authority to order a person to cease hair braiding if a violation of a requirement is determined. *The Governor vetoed certain licensee requirements but retained the requirement that hair braiders register with the DPH in lieu of the Board of Cosmetology Arts and Sciences.* Page 5, Line 32
- Beginning in FY 2019, eliminates a provision that allows a certain percentage of students to open enroll for purposes of receiving educational instruction and course content that are delivered primarily over the internet. *The Governor vetoed the repeal date of July 1, 2018, of this requirement.* Page 6, Line 18
- Removes the repeal date of July 1, 2020, associated with a provision that allows a nonpublic school to be accredited by an independent accrediting agency that has been approved by the State Board of Education. Page 7, Line 5
- Clarifies that the \$30.0 million state sales tax revenue that is to be deposited to the Sales Tax Increment Fund is an annual maximum amount. Page 7, Line 7
- Division III of this Act provides numerous nonsubstantive corrective provisions to the Iowa Code and the 2016 Iowa Acts. Page 8, Line 32
- Restricts the placement of a lien on a mobile, modular, or manufactured home if the home is owned by a tenant of a mobile home park or manufactured home community and the owner of the park or community is the account holder, unless the lease agreement states otherwise. Page 12, Line 31
- Maintains the current four income tax checkoffs for tax years 2016 through 2018, including the checkoffs for Page 13, Line 19

the Iowa State Fair Foundation Fund, Fish and Game Protection Fund, Child Abuse Prevention Program Fund, and the joint checkoff for the Veterans Trust Fund and Volunteer Fire Fighter Preparedness Fund. Beginning January 1, 2017, the tax checkoff rotation returns to current law. Current law requires that the two lowest yielding income tax checkoffs be removed from the tax form for future fiscal years.

Amends the Flood Mitigation Program to allow an entity to apply, under certain conditions, for an extension beyond the 20-year remittance period to the Flood Mitigation Board.

Page 14, Line 6

Makes changes applicable to the approval process for the construction of merchant lines. Places several requirements, restrictions, and limitations applicable to merchant lines and the approval process by the Iowa Utilities Board. This provision takes effect upon enactment and is applicable to petitions filed on or after November 1, 2014. For petitions filed with the Board prior to the effective date of this provision, the three year approval period is not applicable. Such petitions are considered to be rejected by the Board if not approved within two years of the effective date of this provision.

Page 15, Line 17

Couples the Iowa Solar Energy System Tax Credit with the federal Internal Revenue Code (IRC) for tax years beyond tax year 2015.

Page 16, Line 34

FISCAL IMPACT: Coupling the Iowa Solar Energy Tax System Credit with the federal IRC for tax years beyond 2015 will extend Iowa's credit through the 2021 federal expiration date. Without this coupling provision, the Iowa credit will not be available for tax years after 2015. The fiscal impact of this change is estimated to reduce projected General Fund revenue as listed below:

- FY 2018 = \$2.5 million
- FY 2019 = \$3.5 million
- FY 2020 = \$3.8 million
- FY 2021 = \$4.0 million
- FY 2022 = \$4.1 million
- FY 2022 through FY 2032 in total = \$12.0 million

EFFECTIVE DATE

Provides that the statutory changes to the income tax checkoffs apply retroactively to January 1, 2016.

Page 14, Line 2

Provides that the statutory changes relating to electric transmission merchant line franchises takes effect on enactment and is applicable to petitions filed on or after November 1, 2014. For petitions filed with the

Page 16, Line 13

Board prior to the effective date of this provision, the three-year approval period is not applicable. Such petitions are considered to be rejected by the Iowa Utilities Board if not approved within two years of the effective date of this provision.

Provides that the statutory changes to the Solar Tax Credit apply retroactively to January 1, 2015, for tax years beginning on or after that date.

Page 16, Line 42

GOVERNOR'S VETOES

Time and Attendance Solution: The Governor vetoed legislative intent language specifying that state agencies use an existing master agreement entered into with Department of Administrative Services (DAS) to develop a standardized and automated payroll preparation process for state agencies.

Page 4, Line 22

Natural Hair Braiding: The Governor vetoed provisions pertaining to requirements that natural hair braiders take one hour of safety and sanitation curriculum per year and a requirement that gives the DPH the authority to order a person to cease hair braiding if a violation of a requirement is determined. The Governor retained a provision that requires natural hair braiders to register with the DPH in lieu of the Board of Cosmetology Arts and Sciences.

Page 5, Line 32

Open Enrollment - Online Courses: The Governor vetoed the repeal date of July 1, 2018, of a provision that allows a certain percentage of students to open enroll for purposes of taking online courses.

Page 6, Line 18

ENACTMENT DATE

This Act was approved by the General Assembly on April 29, 2016, and item vetoed and signed by the Governor on May 27, 2016.

STAFF CONTACTS:

Dave Reynolds (515-281-6934) dave.reynolds@legis.iowa.gov

Jennifer Acton (515-281-7846) jennifer.acton@legis.iowa.gov

House File 2459 provides for the following changes to the Code of Iowa.

Page #	Line #	Bill Section	Action	Code Section
2	27	4	Add	2.48.3.0f
2	38	5	Amend	230.8
3	13	6	Amend	820.24
5	18	11	Amend	24.32
5	32	12	New	135.37A
6	18	13	Amend	256.7.32.c
7	1	14	Add	256.7.32.c.(6)
7	5	15	Strike	256.11.16.d
7	7	16	Amend	418.12.5
7	17	17	Amend	915.25.3
8	34	20	Amend	29C.24.3.a.(3),(6)
9	19	21	Amend	29C.24.4
9	31	22	Amend	155A.13.3.d
10	13	23	Amend	229.13.7.a.(1)
10	26	24	Amend	256.11.4
11	13	25	Amend	272.25.3
11	29	26	Amend	521A.6B.5.e
12	7	27	Amend	598C.102.8.b
12	31	31	Add	384.84.4.a.(4)
13	4	32	Amend	384.84.10,11
13	29	34	Amend	422.12E.1
14	6	36	Amend	418.15.1
15	17	37	New	478.6A
16	34	40	Add	422.11L.6

1 7 DIVISION I
 1 8 STANDING APPROPRIATIONS AND RELATED MATTERS

1 9 Section 1. 2015 Iowa Acts, chapter 138, section 3, is
 1 10 amended by adding the following new subsection:
 1 11 NEW SUBSECTION 4. For the peace officers' retirement,
 1 12 accident, and disability system retirement fund under section
 1 13 97A.11A:
 1 14 \$ 2,500,000

CODE: Reduces the General Fund standing limited appropriation for the Peace Officers' Retirement System (PORS) Fund from \$5,000,000 to \$2,500,000.

DETAIL: Iowa Code section [97A.11A](#) provides a standing limited appropriation from the General Fund of \$5,000,000 to the Department of Public Safety, beginning July 1, 2012 (FY 2013), until the Peace Officers' Retirement System (PORS) Fund reaches a funded ratio of at least 85.0%. As of June 30, 2015, the PORS Fund had a funded ratio of 73.5% and an unfunded actuarial liability of \$141,600,000. The unassigned standing was notwithstanding in FY 2013 and did not begin until FY 2014. The supplemental money is not to be used to reduce the normal rate of contribution by the state below 17.0%.

2 1 Sec. 2. 2015 Iowa Acts, chapter 138, is amended by adding
 2 2 the following new section:
 2 3 new section SEC. 5A. GENERAL ASSEMBLY.
 2 4 1. The appropriations made pursuant to section 2.12 for the
 2 5 expenses of the general assembly and legislative agencies for
 2 6 the fiscal year beginning July 1, 2016, and ending June 30,
 2 7 2017, are reduced by the following amount:
 2 8 \$ 5,400,000
 2 9 2. The budgeted amounts for the general assembly and
 2 10 legislative agencies for the fiscal year beginning July 1,
 2 11 2016, may be adjusted to reflect the unexpended budgeted
 2 12 amounts from the previous fiscal year.

CODE: Reduces the FY 2017 standing appropriation for the Legislative Branch by \$5,400,000 and permits unexpended funds budgeted during FY 2016 to carry forward to FY 2017.

DETAIL: The FY 2017 Legislative Branch budget is estimated at \$38,250,000. This requirement reduces the budget to \$32,850,000 and represents a reduction of \$1,185,244 compared to the amount budgeted for FY 2016.

2 13 Sec. 3. 2015 Iowa Acts, chapter 138, is amended by adding
 2 14 the following new section:
 2 15 new section SEC. 7A. Section 257.35, Code 2016, is
 2 16 amended by adding the following new subsection:
 2 17 new subsection 10A. Notwithstanding subsection 1, and in
 2 18 addition to the reduction applicable pursuant to subsection
 2 19 2, the state aid for area education agencies and the portion
 2 20 of the combined district cost calculated for these agencies
 2 21 for the fiscal year beginning July 1, 2016, and ending June
 2 22 30, 2017, shall be reduced by the department of management by
 2 23 eighteen million seven hundred fifty thousand dollars. The
 2 24 reduction for each area education agency shall be prorated
 2 25 based on the reduction that the agency received in the fiscal
 2 26 year beginning July 1, 2003.

CODE: Reduces the FY 2017 state school aid funding to area education agencies (AEAs) by \$18,750,000.

DETAIL: In addition to the \$18,750,000 state aid reduction for FY 2017, the AEAs have an annual statutory reduction of \$7,500,000. The state aid reduction to the AEAs will total \$26,250,000 for FY 2017.

2 27 Sec. 4. Section 2.48, subsection 3, Code 2016, is amended

CODE: Requires the Legislative Tax Expenditure Committee to review

2 28 by adding the following new paragraph:
 2 29 NEW PARAGRAPH Of. In 2016:
 2 30 (1) The homestead tax credit under chapter 425.
 2 31 (2) The elderly and disabled property tax credit under
 2 32 chapter 425.
 2 33 (3) The agricultural land tax credit under chapter 426.
 2 34 (4) The military service tax credit under chapter 426A.
 2 35 (5) The business property tax credit under chapter 426C.
 2 36 (6) The commercial and industrial property tax replacement
 2 37 claims under section 441.21A.
 2 38 Sec. 5. Section 230.8, Code 2016, is amended to read as
 2 39 follows:

3 1 230.8 TRANSFERS OF PERSONS WITH MENTAL ILLNESS — EXPENSES.

3 2 The transfer to any state hospitals or to the places of
 3 3 their residence of persons with mental illness who have no
 3 4 residence in this state or whose residence is unknown and
 3 5 deemed to be a state case, shall be made according to the
 3 6 directions of the administrator, and when practicable by
 3 7 employees of the state hospitals. The actual and necessary
 3 8 expenses of such transfers shall be paid by the department
 3 9 on itemized vouchers sworn to by the claimants and approved
 3 10 by the administrator, ~~and the amount of the expenses is~~
 3 11 ~~appropriated to the department from any funds in the state~~
 3 12 ~~treasury not otherwise appropriated.~~
 3 13 Sec. 6. Section 820.24, Code 2016, is amended to read as
 3 14 follows:

3 15 820.24 EXPENSES — HOW PAID.

3 16 When the punishment of the crime shall be the confinement
 3 17 of the criminal in the penitentiary, the expenses shall be
 3 18 ~~paid out of the state treasury, on the certificate of the~~
 3 19 ~~governor and warrant of the director of the department of~~
 3 20 ~~administrative services by the department of corrections;~~
 3 21 and in all other cases they shall be paid out of the county
 3 22 treasury in the county wherein the crime is alleged to have
 3 23 been committed. The expenses shall be the fees paid to the
 3 24 officers of the state on whose governor the requisition is
 3 25 made, and all necessary and actual traveling expenses incurred
 3 26 in returning the prisoner.

the following General Fund standing appropriations related to property
 tax replacement in 2016:

- Homestead Tax Credit: The FY 2017 appropriation is estimated at \$135,500,000.
- Elderly and Disabled Property Tax Credit: The FY 2017 appropriation is estimated at \$26,100,000.
- Agricultural Land Tax Credit: The FY 2017 standing limited appropriation is \$39,100,000.
- Military Service Tax Credit: The FY 2017 appropriation is estimated at \$2,100,000.
- Business Property Tax Credit: The FY 2017 standing limited appropriation is \$125,000,000.
- Commercial and Industrial Property Tax Replacement: The FY 2017 appropriation is estimated at \$154,636,698.

CODE: Eliminates a General Fund standing unlimited appropriation for costs associated with the transfer of a nonresident person with a mental illness to a state hospital or to their place of residence, and instead requires the Department of Human Services to pay any necessary expenses.

DETAIL: The state currently budgets \$67 annually for potential costs associated with this appropriation. No funds have been expended through this appropriation since at least FY 2008.

CODE: Eliminates a General Fund standing unlimited appropriation under the purview of the Governor's Office for interstate extradition costs of a prisoner and instead requires the Department of Corrections to pay any expenses of such costs.

DETAIL: The state currently budgets \$3,032 annually for potential costs associated with this appropriation. No funds have been expended through this appropriation since at least FY 2008. The expenses for interstate extradition include the fees paid to the officers of the state and all necessary and actual traveling expenses incurred in returning a prisoner to another state or transporting a prisoner from another state to Iowa.

3 27

DIVISION II

3 28

MISCELLANEOUS PROVISIONS

3 29 Sec. 7. HUMAN TRAFFICKING. There is appropriated from
 3 30 the general fund of the state to the department of public
 3 31 safety for the fiscal year beginning July 1, 2016, and ending
 3 32 June 30, 2017, the following amount, or so much thereof as is
 3 33 necessary, to be used for the purposes designated:
 3 34 For the office to combat human trafficking established
 3 35 pursuant to section 80.45 as enacted by 2016 Iowa Acts,
 3 36 Senate File 2191, including salaries, support, maintenance,
 3 37 miscellaneous purposes, and for not more than the following
 3 38 full-time equivalent positions:
 3 39 \$ 200,000
 4 1 FTEs 2.00

General Fund appropriation to the Department of Public Safety for the Office of Human Trafficking.

DETAIL: Senate File 2191 (Human Trafficking Office Act) establishes the Human Trafficking Office in the Department of Public Safety. The duties of the Office include:

- Be the point of contact for antihuman trafficking activity within the state of Iowa.
- Consult and work with other agencies and organizations having expertise in dealing with the crime of human trafficking.
- Develop a strategy to collect and maintain criminal history data on incidents related to human trafficking.
- Develop a strategy for sharing victim and offender data among governmental agencies.
- Apply for and assist other governmental agencies to apply for grants to combat human trafficking.
- Research and recommend training to identify and respond to human trafficking victims.
- Report by November 1, 2017, and annually thereafter, to the General Assembly regarding the office’s activities related to combating human trafficking, and the identified occurrences of human trafficking within the state.

4 2 Sec. 8. BUDGET PROCESS FOR FISCAL YEAR 2017-2018.
 4 3 1. For the budget process applicable to the fiscal year
 4 4 beginning July 1, 2017, on or before October 1, 2016, in lieu
 4 5 of the information specified in section 8.23, subsection 1,
 4 6 unnumbered paragraph 1, and paragraph “a”, all departments
 4 7 and establishments of the government shall transmit to the
 4 8 director of the department of management, on blanks to be
 4 9 furnished by the director, estimates of their expenditure
 4 10 requirements, including every proposed expenditure, for
 4 11 the ensuing fiscal year, together with supporting data and
 4 12 explanations as called for by the director of the department
 4 13 of management after consultation with the legislative services
 4 14 agency.
 4 15 2. The estimates of expenditure requirements shall be
 4 16 in a form specified by the director of the department of
 4 17 management, and the expenditure requirements shall include
 4 18 all proposed expenditures and shall be prioritized by
 4 19 program or the results to be achieved. The estimates shall
 4 20 be accompanied by performance measures for evaluating the
 4 21 effectiveness of the programs or results.

Requires state agencies to submit FY 2018 budget information to the Department of Management (DOM) and include all proposed expenditures, supporting data, and explanations. Requires the Director of the DOM to consult with the Legislative Services Agency (LSA) concerning the provision of support data.

DETAIL: This requirement replaces the statutory budget submission requirements of Executive Branch agencies in Iowa Code section [8.23](#). Section [8.23](#) requires all departments to submit annual budgets based on 75.00% of the funding provided for the current fiscal year. The budget submission requirement in this Act has been in place for the last 10 fiscal years and was first applicable to the FY 2007 budget.

4 22 Sec. 9. TIME AND ATTENDANCE SOLUTION — EXECUTIVE
 4 23 BRANCH. It is the intent of the general assembly that

Specifies the intent of the General Assembly that Executive Branch agencies use an existing master agreement entered into with

4 24 executive branch agencies make use of an existing master
 4 25 agreement entered into by the department of administrative
 4 26 services on November 17, 2015, to develop a statewide time
 4 27 and attendance solution. The statewide time and attendance
 4 28 solution will have the ability to generate savings within
 4 29 state government, minimize compliance risk, and improve
 4 30 workforce productivity with a vendor who specializes in
 4 31 measuring metrics to monitor performance and measures
 4 32 financial and operational activities by incorporating modeling
 4 33 and data analytics, baseline numbers, and any additional
 4 34 pertinent information.

Department of Administrative Services (DAS) on November 17, 2015, to develop a standardized and automated payroll preparation process for state agencies.

DETAIL: The automated time and attendance solution system is intended to increase efficiencies of state agencies. The system would automate employee timekeeping processes and standardize the process across multiple state agencies. The system would also interface with the state payroll system and include advanced labor reporting and employee leave recording. The Iowa Department of Corrections currently uses a similar system for their operations.

VETOED: The Governor vetoed this section stating that state agencies were not appropriated additional funds for the cost of the new system, it would require the state to add multiple systems for payroll, and the master contract does not have the full range of functionality provided by the current systems. He further stated that for transparency purposes, if the state were to choose to expand the system statewide, the contract would have to be re-bid to cover the increased scope of the system.

4 35 Sec. 10. SALARY MODEL ADMINISTRATOR. The salary model
 4 36 administrator shall work in conjunction with the legislative
 4 37 services agency to maintain the state's salary model used for
 4 38 analyzing, comparing, and projecting state employee salary
 4 39 and benefit information, including information relating to
 5 1 employees of the state board of regents. The department of
 5 2 revenue, the department of administrative services, the five
 5 3 institutions under the jurisdiction of the state board of
 5 4 regents, the judicial district departments of correctional
 5 5 services, and the state department of transportation shall
 5 6 provide salary data to the department of management and the
 5 7 legislative services agency to operate the state's salary
 5 8 model. The format and frequency of provision of the salary
 5 9 data shall be determined by the department of management
 5 10 and the legislative services agency. The information shall
 5 11 be used in collective bargaining processes under chapter
 5 12 20 and in calculating the funding needs contained within
 5 13 the annual salary adjustment legislation. A state employee
 5 14 organization as defined in section 20.3, subsection 4, may
 5 15 request information produced by the model, but the information
 5 16 provided shall not contain information attributable to
 5 17 individual employees.

Requires the salary model administrator to work with the LSA to maintain the state's salary model. Requires various departments to submit salary data to the DOM and the LSA.

5 18 Sec. 11. Section 24.32, Code 2016, is amended to read as
 5 19 follows:
 5 20 24.32 DECISION CERTIFIED.

CODE: Changes the timing of when the State Appeal Board disposes of all appeals associated with local budgets from on or before April 30 of each year to within 45 days after the date of the appeal hearing.

5 21 After a hearing upon the appeal, the state board shall
 5 22 certify its decision to the county auditor and to the parties
 5 23 to the appeal as provided by rule, and the decision shall
 5 24 be final. The county auditor shall make up the records in
 5 25 accordance with the decision and the levying board shall make
 5 26 its levy in accordance with the decision. Upon receipt of
 5 27 the decision, the certifying board shall correct its records
 5 28 accordingly, if necessary. Final disposition of all appeals
 5 29 shall be made by the state board ~~on or before April 30 of~~
 5 30 ~~each year~~ within forty-five days after the date of the appeal
 5 31 hearing.

5 32 Sec. 12. NEW SECTION 135.37A NATURAL HAIR BRAIDING.

5 33 1. A person shall register with the department in order to
 5 34 perform a commercial service involving natural hair braiding.
 5 35 For purposes of this section, "natural hair braiding" means a
 5 36 method of natural hair care consisting of braiding, locking,
 5 37 twisting, weaving, cornrowing, or otherwise physically
 5 38 manipulating hair without the use of chemicals to alter
 5 39 the hair's physical characteristics that incorporates both
 6 1 traditional and modern styling techniques.
 6 2 2. The department shall adopt rules pursuant to chapter 17A
 6 3 to administer this section. Such rules shall include but not
 6 4 be limited to all of the following:
 6 5 a. Establishing minimum safety and sanitation criteria for
 6 6 the provision of natural hair braiding.
 6 7 b. Requiring a person performing natural hair braiding to
 6 8 complete one hour per calendar year of continuing education
 6 9 regarding minimum safety and sanitation criteria for the
 6 10 provision of natural hair braiding.
 6 11 c. Authorizing the department to inspect a location where
 6 12 a person performs natural hair braiding upon receipt of a
 6 13 complaint to the department about that person or location.
 6 14 3. If the department determines that a person is in
 6 15 violation of a requirement under this section, the department
 6 16 may order the person to cease performing natural hair braiding
 6 17 until the necessary corrective action has been taken.

6 18 Sec. 13. Section 256.7, subsection 32, paragraph c,
 6 19 unnumbered paragraph 1, Code 2016, is amended to read as
 6 20 follows:

6 21 Adopt rules that limit the statewide enrollment of
 6 22 pupils in educational instruction and course content that
 6 23 are delivered primarily over the internet to not more than
 6 24 eighteen one-hundredths of one percent of the statewide
 6 25 enrollment of all pupils, and that limit the number of pupils
 6 26 participating in open enrollment for purposes of receiving
 6 27 educational instruction and course content that are delivered

CODE: Requires natural hair braiders to register with the Department of Public Health (DPH) in lieu of the Board of Cosmetology Arts and Sciences. In addition, the licensee is required to take one hour of safety and sanitation curriculum per year. Gives the DPH the authority to order a person to cease hair braiding if a violation of a requirement is determined.

VETOED: The Governor vetoed Subsections 2 and 3 of Section 12 of this Act stating that the requirements were unnecessary. The Governor retained Subsection 1 requiring natural hair braiders to register with the DPH.

CODE: Beginning in FY 2019, eliminates a provision that allows a certain percentage of students to open enroll for purposes of receiving educational instruction and course content that are delivered primarily over the internet.

DETAIL: Iowa Code section [256.7\(32\)\(b\)](#), prohibits the open enrollment of students for purposes of online learning by requiring the Department of Education to adopt such rules. Iowa Code section [256.7\(32\)\(c\)](#), provides an exception to this restriction by allowing a certain percentage of students (0.18%) statewide to open enroll in online

6 28 primarily over the internet to no more than one percent of
 6 29 a sending district's enrollment. ~~Until June 30, 2018, such~~
 6 30 ~~Such~~ limitations shall not apply if the limitations would
 6 31 prevent siblings from enrolling in the same school district or
 6 32 if a sending district determines that the educational needs
 6 33 of a physically or emotionally fragile student would be best
 6 34 served by educational instruction and course content that are
 6 35 delivered primarily over the internet. Students who meet
 6 36 the requirements of section 282.18 may participate in open
 6 37 enrollment under this paragraph "c" for purposes of enrolling
 6 38 only in the CAM community school district or the Clayton Ridge
 6 39 community school district.

7 1 Sec. 14. Section 256.7, subsection 32, paragraph c, Code
 7 2 2016, is amended by adding the following new subparagraph:
 7 3 NEW SUBPARAGRAPH (6) This paragraph "c" is repealed July
 7 4 1, 2018.

7 5 Sec. 15. Section 256.11, subsection 16, paragraph d, Code
 7 6 2016, is amended by striking the paragraph.

7 7 Sec. 16. Section 418.12, subsection 5, Code 2016, is
 7 8 amended to read as follows:
 7 9 5. If the department of revenue determines that the
 7 10 revenue accruing to the fund or accounts within the fund
 7 11 exceeds thirty million dollars for a fiscal year or exceeds
 7 12 the amount necessary for the purposes of this chapter if the
 7 13 amount necessary is less than thirty million dollars for a
 7 14 fiscal year, then those excess moneys shall be credited by the
 7 15 department of revenue for deposit in the general fund of the
 7 16 state.

7 17 Sec. 17. Section 915.25, subsection 3, as enacted by 2016
 7 18 Iowa Acts, Senate File 2288, section 16, is amended to read as
 7 19 follows:
 7 20 3. Notwithstanding the provisions of sections 232.147,
 7 21 232.149, and 232.149A, an intake or juvenile court officer
 7 22 shall disclose to the alleged victim of a delinquent act, upon
 7 23 the request of the victim, the complaint, the name and address
 7 24 of the child who allegedly committed the delinquent act, and
 7 25 the disposition of the complaint. If the alleged delinquent
 7 26 act would be a ~~forcible felony serious misdemeanor, aggravated~~
 7 27 ~~misdemeanor, or felony offense~~ if committed by an adult, the
 7 28 intake or juvenile court officer shall provide notification
 7 29 to the victim of the delinquent act as required by section
 7 30 915.24.

courses. Section 14 of this Act repeals this exception on July 1, 2018,
 which would eliminate open enrollment for online learning.

VETOED: The Governor vetoed the repeal date of July 1, 2018, of this
 requirement, stating that students enrolled in an online learning
 program may be targets of bullying, medically fragile, or individuals
 who struggle in the traditional classroom setting. The Governor stated
 that he received information from students and parents that the online
 learning programs are very helpful and eliminating them would create
 significant fear and anxiety for the students. He further stated that
 there should be a variety of options available to students including
 online learning to ensure academic success.

CODE: Removes the repeal date of July 1, 2020, associated with a
 provision that allows a nonpublic school to be accredited by an
 independent accrediting agency that has been approved by the State
 Board of Education.

CODE: Clarifies that the \$30,000,000 state sales tax revenue that is to
 be deposited to the Sales Tax Increment Fund is an annual maximum
 amount.

DETAIL: This clarification coordinates with language in Iowa Code
 section [418.12\(4\)](#) that limits the annual total remittances from the
 Flood Mitigation Program Sales Tax Increment Fund for all qualified
 local governments to no more than \$30,000,000 per fiscal year. This
 change does not have a fiscal impact.

CODE: Technical correction to SF 2288 (Confidentiality of Juvenile
 Court Records Act). This Act was approved by the General Assembly
 on February 25, 2016, and signed by the Governor on March 9, 2016.

7 31 Sec. 18. 2015 Iowa Acts, chapter 141, section 59, as
 7 32 amended by 2016 Iowa Acts, Senate File 2314, section 22, if
 7 33 enacted, is amended to read as follows:
 7 34 SEC. 59. SECRETARY OF STATE. There is appropriated
 7 35 from the general fund of the state to the office of the
 7 36 secretary of state for the fiscal year beginning July 1,
 7 37 2016, and ending June 30, 2017, the following amounts, or so
 7 38 much thereof as is necessary, to be used for the purposes
 7 39 designated:

8 1 1. ADMINISTRATION AND ELECTIONS
 8 2 For salaries, support, maintenance, and miscellaneous
 8 3 purposes, and for not more than the following full-time
 8 4 equivalent positions:
 8 5 \$ 1,440,890
 8 6 FTEs ~~43.40~~
 8 7 15.60

8 8 The state department or state agency which provides
 8 9 data processing services to support voter registration file
 8 10 maintenance and storage shall provide those services without
 8 11 charge.

8 12 2. BUSINESS SERVICES
 8 13 For salaries, support, maintenance, and miscellaneous
 8 14 purposes, and for not more than the following full-time
 8 15 equivalent positions:
 8 16 \$ 1,440,891
 8 17 FTEs ~~43.40~~
 8 18 15.60

8 19 Sec. 19. 2016 Iowa Acts, Senate File 2324, section 1,
 8 20 subsection 12, if enacted, is amended to read as follows:
 8 21 12. STATE FAIR AUTHORITY
 8 22 For infrastructure costs associated with the remodeling of
 8 23 the northwest portion of the fairgrounds, including but not
 8 24 limited to a new events area and updates to the grandstand,
 8 25 stage, and midway:
 8 26 FY 2016-2017:
 8 27 \$ 500,000
 8 28 FY 2017-2018:
 8 29 \$ 500,000
 8 30 FY 2018-2019:
 8 31 \$ 4,500,000

8 32 DIVISION III
 8 33 CORRECTIVE PROVISIONS

8 34 Sec. 20. Section 29C.24, subsection 3, paragraph a,

CODE: Adds an additional 5.00 FTE positions to the Secretary of State's Office for FY 2017.

DETAIL: Senate File 2314 (Administration and Regulation Appropriations Act) provides General Fund appropriations totaling \$2,881,781 and 26.20 FTE positions to the Secretary of State's Office for FY 2017. This Act increases the total FTE authorization to 31.20 positions for FY 2017.

CODE: Appropriates \$4,500,000 from the Rebuild Iowa Infrastructure Fund (RIIF) for FY 2019 for improvements to the northwest area of the Iowa State Fairgrounds.

DETAIL: This appropriation is in addition to the \$1,000,000 appropriated for this project in SF 2324 (Infrastructure Appropriations Act) for FY 2017 and FY 2018.

CODE: Corrective provision to SF 2306 (Disaster Response, Out-of-

8 35 subparagraphs (3) and (6), as enacted by 2016 Iowa Acts,
 8 36 Senate File 2306, section 2, are amended to read as follows:
 8 37 (3) The imposition of income taxes under chapter 422,
 8 38 divisions II and III, including the requirement to file tax
 8 39 returns under sections 422.13 through 422.15 or section
 9 1 422.36, as applicable, and including the requirement to
 9 2 withhold and remit income tax from out-of-state employees
 9 3 under section 422.16. In addition, the performance of
 9 4 disaster or emergency-related work during a disaster response
 9 5 period by an out-of-state business or out-of-state employee
 9 6 shall not require an out-of-state business to be included in
 9 7 a consolidated return under section 422.37, and shall not
 9 8 increase the amount of net income of the out-of-state business
 9 9 allocated and apportioned to the state under ~~sections~~ section
 9 10 422.8 or 422.33, as applicable.
 9 11 (6) The assessment of property taxes by the department
 9 12 of revenue under sections 428.24 through 428.26, 428.28,
 9 13 and 428.29, or chapters 433, 434, 435, and 437 through 438,
 9 14 or by a local assessor under another provision of law, on
 9 15 property brought into the state to aid in the performance of
 9 16 disaster or emergency-related work during a disaster response
 9 17 period if such property does not remain in the state after the
 9 18 conclusion of the disaster response period.

9 19 Sec. 21. Section 29C.24, subsection 4, as enacted by 2016
 9 20 Iowa Acts, Senate File 2306, section 2, is amended to read as
 9 21 follows:
 9 22 4. BUSINESS AND EMPLOYEE STATUS AFTER A DISASTER RESPONSE
 9 23 PERIOD. An out-of-state business or out-of-state employee
 9 24 that remains in the state after the conclusion of the
 9 25 disaster response period ~~for~~ during which the disaster or
 9 26 emergency-related work was performed shall be fully subject to
 9 27 the state's standards for establishing presence, residency,
 9 28 or doing business as otherwise provided by law, and shall
 9 29 be responsible for any resulting taxes, fees, licensing,
 9 30 registration, filing, or other requirements.

9 31 Sec. 22. Section 155A.13, subsection 3, paragraph d, as
 9 32 enacted by 2016 Iowa Acts, Senate File 453, section 3, is
 9 33 amended to read as follows:
 9 34 d. An applicant seeking a special or limited-use
 9 35 pharmacy ~~licensed~~ license for a proposed telepharmacy site
 9 36 that does not meet the mileage requirement established in
 9 37 paragraph "c" and is not statutorily exempt from the mileage
 9 38 requirement may apply to the board for a waiver of the mileage
 9 39 requirement. A waiver request shall only be granted if the
 10 1 applicant can demonstrate to the board that the proposed
 10 2 telepharmacy site is located in an area where there is

State Businesses Act).

DETAIL: This Act was approved by the General Assembly on April 12,
 2016, and signed by the Governor on April 21, 2016.

CODE: Corrective provision to SF 2306 (Disaster Response, Out-of-
 State Businesses Act).

DETAIL: This Act was approved by the General Assembly on April 12,
 2016, and signed by the Governor on April 21, 2016.

CODE: Corrective provision to SF 453 (Board of Pharmacy Act).

DETAIL: This Act was approved by the General Assembly on April 12,
 2016, and signed by the Governor on April 21, 2016.

10 3 limited access to pharmacy services and can establish the
 10 4 existence of compelling circumstances that justify waiving
 10 5 the mileage requirement. The board's decision to grant or
 10 6 deny a waiver request shall be a proposed decision subject to
 10 7 mandatory review by the director of the department of public
 10 8 health. The director shall review a proposed decision and
 10 9 shall have the power to approve, modify, or veto a proposed
 10 10 decision. The director's decision on a waiver request shall
 10 11 be considered final agency action subject to judicial review
 10 12 under chapter 17A.

10 13 Sec. 23. Section 229.13, subsection 7, paragraph a,
 10 14 subparagraph (1), as enacted by 2016 Iowa Acts, Senate File
 10 15 2259, section 1, is amended to read as follows:

10 16 (1) The respondent's mental health professional acting
 10 17 within the scope of the mental health professional's practice
 10 18 shall notify the committing court, with preference given
 10 19 to the committing judge, if available, in the appropriate
 10 20 county ~~who~~ and the court shall enter a written order directing
 10 21 that the respondent be taken into immediate custody by the
 10 22 appropriate sheriff or sheriff's deputy. The appropriate
 10 23 sheriff or sheriff's deputy shall exercise all due diligence
 10 24 in taking the respondent into protective custody to a hospital
 10 25 or other suitable facility.

CODE: Corrective provision for SF 2259 (Treatment of Persons with a Serious Mental Impairment Act).

DETAIL: This Act was approved by the General Assembly on April 11, 2016, and signed by the Governor on April 21, 2016.

10 26 Sec. 24. Section 256.11, subsection 4, Code 2016, as
 10 27 amended by 2016 Iowa Acts, House File 2392, section 26, if
 10 28 enacted, is amended to read as follows:

10 29 4. The following shall be taught in grades seven and
 10 30 eight: English-language arts; social studies; mathematics;
 10 31 science; health; age-appropriate and research-based human
 10 32 growth and development; career exploration and development;
 10 33 physical education; music; and visual art. Career exploration
 10 34 and development shall be designed so that students are
 10 35 appropriately prepared to create an individual career
 10 36 and academic plan pursuant to section 279.61, incorporate
 10 37 foundational career and technical education concepts aligned
 10 38 with the six career and technical education service areas
 10 39 as defined in ~~paragraph subsection 5, subsection paragraph~~
 11 1 "h", and incorporate relevant twenty-first century skills.
 11 2 The health curriculum shall include age-appropriate and
 11 3 research-based information regarding the characteristics
 11 4 of sexually transmitted diseases, including HPV and the
 11 5 availability of a vaccine to prevent HPV, and acquired
 11 6 immune deficiency syndrome. The state board as part of
 11 7 accreditation standards shall adopt curriculum definitions
 11 8 for implementing the program in grades seven and eight.
 11 9 However, this subsection shall not apply to the teaching

CODE: Corrective provision for HF 2392 (Career and Technical Education, Schools Act).

DETAIL: This Act was approved by the General Assembly on April 20, 2016, and signed by the Governor on May 26, 2016.

11 10 of career exploration and development in nonpublic schools.
11 11 For purposes of this section, "age-appropriate", "HPV", and
11 12 "research-based" mean the same as defined in section 279.50.

11 13 Sec. 25. Section 272.25, subsection 3, Code 2016, as
11 14 amended by 2016 Iowa Acts, Senate File 2196, section 3, is
11 15 amended to read as follows:

11 16 3. A requirement that the program include instruction
11 17 in skills and strategies to be used in classroom management
11 18 of individuals, and of small and large groups, under
11 19 varying conditions; skills for communicating and working
11 20 constructively with pupils, teachers, administrators, and
11 21 parents; preparation in reading theory, knowledge, strategies,
11 22 and approaches, and for integrating literacy instruction ~~in~~
11 23 into content areas in accordance with section 256.16; and
11 24 skills for understanding the role of the board of education
11 25 and the functions of other education agencies in the state.
11 26 The requirement shall be based upon recommendations of the
11 27 department of education after consultation with teacher
11 28 education faculty members in colleges and universities.

11 29 Sec. 26. Section 521A.6B, subsection 5, paragraph e, if
11 30 enacted by 2016 Iowa Acts, House File 2394, section 10, is
11 31 amended to read as follows:

11 32 e. Entering into agreements with or obtaining documentation
11 33 from any insurer registered under section 521A.4, any member
11 34 of an internationally active insurance group, and any other
11 35 state, federal, or international regulatory agency for members
11 36 of the internationally active insurance group, that provides
11 37 the basis for or otherwise clarifies the commissioner's
11 38 role as group-wide supervisor of an internationally active
11 39 insurance group, including provisions for resolving disputes
12 1 with other regulatory officials. Such agreements or
12 2 documentation shall not serve as evidence in any proceeding
12 3 that any insurer or person within an insurance ~~company~~ holding
12 4 company system not domiciled or incorporated in this state
12 5 is doing business in this state or is otherwise subject to
12 6 jurisdiction in this state.

12 7 Sec. 27. Section 598C.102, subsection 8, paragraph b, as
12 8 enacted by 2016 Iowa Acts, Senate File 2233, section 2, is
12 9 amended to read as follows:

12 10 b. An individual who has custodial responsibility for a
12 11 child under a law of this state other than this chapter.

12 12 Sec. 28. 2016 Iowa Acts, House File 2269, section 20,
12 13 subsection 1, is amended to read as follows:

12 14 1. It is amended, rescinded, or supplemented by the

CODE: Corrective provision for SF 2196 (Literacy Requirements in
Teacher Preparation Act).

DETAIL: This Act was approved by the General Assembly on April 4,
2016, and signed by the Governor on April 7, 2016.

CODE: Corrective provision for SF 2233 (Uniform Deployed Parents
Custody and Visitation Act).

DETAIL: This Act was approved by the General Assembly on April 6,
2016, and signed by the Governor on April 12, 2016.

CODE: Corrective provision for HF 2269 (Excise Taxes on Sale of
Cattle Act).

12 15 affirmative action of the executive council committee of the
 12 16 Iowa beef cattle producers association created in section
 12 17 181.3, as amended in this Act.

DETAIL: This Act was approved by the General Assembly on March 16, 2016, and signed by the Governor on March 31, 2016.

12 18 Sec. 29. 2016 Iowa Acts, Senate File 378, section 2, is
 12 19 amended to read as follows:
 12 20 SEC. 2. REPEAL. Section 80.37, Code ~~2015~~ 2016, is
 12 21 repealed.

CODE: Corrective provision for SF 378 (Reimbursement of Defense Costs of Peace Officers and Corrections Officers Act).

DETAIL: This Act was approved by the General Assembly on March 16, 2016, and signed by the Governor on April 6, 2016.

12 22 Sec. 30. 2016 Iowa Acts, Senate File 2185, section 2, is
 12 23 amended by striking the section and inserting in lieu thereof
 12 24 the following:
 12 25 SEC. 2. Section 709.21, subsection 3, Code 2016, is amended
 12 26 to read as follows:
 12 27 3. A person who violates this section commits ~~a serious an~~
 12 28 aggravated misdemeanor.

CODE: Corrective provision for SF 2185 (Criminal Trespass Act).

DETAIL: This Act was approved by the General Assembly on April 6, 2016, and signed by the Governor on April 13, 2016.

12 29
 12 30 DIVISION IV
 CITY UTILITY BILLINGS AND COLLECTIONS — LIENS

12 31 Sec. 31. Section 384.84, subsection 4, paragraph a, Code
 12 32 2016, is amended by adding the following new subparagraph:
 12 33 NEW SUBPARAGRAPH (4) A lien under subparagraph (1) shall
 12 34 not be placed upon a premises that is a mobile home, modular
 12 35 home, or manufactured home served by any of the services
 12 36 under that subparagraph if the mobile home, modular home, or
 12 37 manufactured home is owned by a tenant of and located in a
 12 38 mobile home park or manufactured home community and the mobile
 12 39 home park or manufactured home community owner or manager is
 13 1 the account holder, unless the lease agreement specifies that
 13 2 the tenant is responsible for payment of a portion of the
 13 3 rates or charges billed to the account holder.

CODE: Restricts the placement of a lien on a mobile, modular, or manufactured home if the home is owned by a tenant of a mobile home park or manufactured home community and the owner of the park or community is the account holder, unless the lease agreement states otherwise.

13 4 Sec. 32. Section 384.84, subsections 10 and 11, Code 2016,
 13 5 are amended to read as follows:

13 6 10. For the purposes of this section, "premises" includes
 13 7 a mobile home, modular home, or manufactured home as defined
 13 8 in section 435.1, ~~when the mobile home, modular home, or~~
 13 9 ~~manufactured home is taxed as real estate.~~

13 10 11. Notwithstanding subsection 4, except for mobile home
 13 11 parks or manufactured home communities where the mobile
 13 12 home park or manufactured home community owner or manager is
 13 13 responsible for paying the rates or charges for services, a
 13 14 lien shall not be filed against the land if the premises are
 13 15 located on leased land. If the premises are located on leased
 13 16 land, a lien may be filed against the premises only.

13 18 INCOME TAX CHECKOFFS

13 19 Sec. 33. INCOME TAX CHECKOFFS. Notwithstanding Code
 13 20 section 422.12E which provides for the repeal of certain
 13 21 income tax return checkoffs when the same four checkoffs have
 13 22 been provided on the income tax return for two consecutive
 13 23 years, the four income tax return checkoffs provided in
 13 24 sections 422.12D, 422.12H, 422.12K, and 422.12L, Code 2016, as
 13 25 appearing on the 2015 individual income tax return, shall be
 13 26 allowed for the tax years beginning January 1, 2016, January
 13 27 1, 2017, and January 1, 2018, and shall be provided on the
 13 28 2016, 2017, and 2018 individual income tax returns.

13 29 Sec. 34. Section 422.12E, subsection 1, Code 2016, is
 13 30 amended to read as follows:

13 31 1. For tax years beginning on or after January 1, ~~2004~~
 13 32 2019, there shall be allowed no more than four income tax
 13 33 return checkoffs on each income tax return. ~~When For tax~~
 13 34 years beginning on or after January 1, 2017, when the same
 13 35 four income tax return checkoffs have been provided on the
 13 36 income tax return for two consecutive years, the two checkoffs
 13 37 for which the least amount has been contributed, in the
 13 38 aggregate for the first tax year and through March 15 of the
 13 39 second tax year, are repealed. This section does not apply to
 14 1 the income tax return checkoff provided in section 68A.601.

14 2 Sec. 35. RETROACTIVE APPLICABILITY. This division of this
 14 3 Act applies retroactively to January 1, 2016.

14 4 DIVISION VI
 14 5 FLOOD MITIGATION PROGRAM

14 6 Sec. 36. Section 418.15, subsection 1, Code 2016, is
 14 7 amended to read as follows:

14 8 1. a. A governmental entity shall not receive remittances
 14 9 of sales tax revenue under this chapter after twenty years
 14 10 from the date the governmental entity's project was approved
 14 11 by the board or after expiration of the additional period of
 14 12 years if approved under paragraph "b" unless the remittance
 14 13 amount is calculated under section 418.11 based on sales
 14 14 subject to the tax under section 432.2 occurring before the
 14 15 expiration of the twenty-year period or expiration of the
 14 16 additional period of years if approved under paragraph "b".
 14 17 b. The twenty-year period for receiving remittances of
 14 18 sales tax revenue under this chapter may be extended upon
 14 19 application by the governmental entity and approval by the
 14 20 board. An application for an extension of the twenty-year
 14 21 period must be filed by the governmental entity with the board

CODE: Maintains the current four income tax checkoffs for tax years 2016 through 2018, including the checkoffs for the Iowa State Fair Foundation Fund, Fish and Game Protection Fund, Child Abuse Prevention Program Fund, and the joint checkoff for the Veterans Trust Fund and Volunteer Fire Fighter Preparedness Fund. Beginning January 1, 2017, the tax checkoff rotation returns to current law.

DETAIL: Current law requires that the two lowest yielding income tax checkoffs be removed from the tax form for future fiscal years. This provision does not have a significant impact on State General Fund revenue. Donations to the four income tax checkoffs listed on the Iowa individual income tax form are voluntary donations and do not directly reduce income tax deposited to the State General Fund. The annual average donation level over the most recent seven tax years is \$318,000 for all four checkoffs and \$132,000 combined for the two lowest yielding checkoffs.

Provides that the statutory changes to the income tax checkoffs apply retroactively to January 1, 2016.

CODE: Amends the Flood Mitigation Program to allow an entity to apply to the Flood Mitigation Board for an extension beyond the 20-year remittance period. For an extension, the following conditions must be met:

- The application for an extension must come before the expiration of the 20-year original award period.
- The total remittances received by the governmental entity during the 20-year period are less than the total award.
- The amount of remittances approved in each additional year does not exceed \$15,000,000 or 70.00% of the yearly amount, whichever is less.
- The amount of remittances in any fiscal year, including extension amounts, does not exceed \$30,000,000.
- The total amount of remittances to the governmental entity does not exceed the difference between the funding previously received and the original award.

14 22 prior to expiration of the twenty-year period. The board may
 14 23 approve the governmental entity to receive remittances of
 14 24 sales tax revenue under this chapter for an additional period
 14 25 of consecutive years beyond the twenty-year period if all of
 14 26 the following are satisfied:

14 27 (1) The total amount of remittances actually received
 14 28 by the governmental entity during the twenty-year period
 14 29 are less than the total amount of remittances for which the
 14 30 governmental entity was approved to receive by the board
 14 31 at the time of the project's approval under section 418.9,
 14 32 subsection 4, and reduced under section 418.9, subsection 8,
 14 33 or section 418.12, subsection 6, paragraph "b", if applicable.

14 34 (2) The amount of the remittances approved in each
 14 35 additional year does not exceed fifteen million dollars or
 14 36 seventy percent of the total yearly amount of increased sales
 14 37 tax increment revenue in the governmental entity's applicable
 14 38 area and deposited in the governmental entity's account,
 14 39 whichever is less.

15 1 (3) The total amount of remittances in any such additional
 15 2 fiscal year for all governmental entities approved to use
 15 3 sales tax revenues under this chapter does not exceed, in the
 15 4 aggregate, thirty million dollars.

15 5 (4) The total amount of remittances to the governmental
 15 6 entity approved by the board for all additional years does not
 15 7 exceed the difference between the total amount of remittances
 15 8 actually received by the governmental entity during the
 15 9 twenty-year period and the total amount of remittances
 15 10 for which the governmental entity was approved to receive
 15 11 by the board at the time of the project's approval under
 15 12 section 418.9, subsection 4, and reduced under section 418.9,
 15 13 subsection 8, or section 418.12, subsection 6, paragraph "b",
 15 14 if applicable.

15 15 DIVISION VII
 15 16 ELECTRIC TRANSMISSION LINES

15 17 Sec. 37.NEW SECTION 478.6A MERCHANT LINE FRANCHISES —
 15 18 REQUIREMENTS — LIMITATIONS.

15 19 1. For purposes of this section, "merchant line" means a
 15 20 high-voltage direct current electric transmission line which
 15 21 does not provide for the erection of electric substations at
 15 22 intervals of less than fifty miles, which substations are
 15 23 necessary to accommodate both the purchase and sale to persons
 15 24 located in this state of electricity generated or transmitted
 15 25 by the franchisee.

15 26 2. A petition for a franchise to construct a merchant line,
 15 27 in addition to any other applicable requirements pursuant to
 15 28 this chapter, shall be subject to all of the following:

CODE: Defines Merchant Line and makes changes applicable to the franchise approval process for the construction of merchant lines when the process involves eminent domain. Requires the Iowa Utilities Board to reject a petition that involves eminent domain if the petition is not approved by the Board within three years from the date the petition is presented. Allows the Board to extend the approval process beyond three years to complete deliberations of the petition. Prohibits the petitioner from filing a petition for the same project within five years following the date of the rejection by the Board.

NOTE: Senate File 2109 (FY 2016 Supplemental Appropriations Act) amends this Division by removing Subsection 2(a), that prohibits the

15 29 a. Notwithstanding section 478.10, the sale and transfer of
 15 30 a merchant line, by voluntary or judicial sale or otherwise,
 15 31 shall not carry with it the transfer of the franchise.

15 32 b. Notwithstanding section 478.21, if a petition that
 15 33 involves the taking of property under eminent domain is not
 15 34 approved by the board and a franchise granted within three
 15 35 years following the date the petition is filed with the board
 15 36 pursuant to section 478.3, the board shall reject the petition
 15 37 and make a record of the rejection. If the hearing on the
 15 38 petition conducted pursuant to section 478.4 has been held
 15 39 within the three-year period following the date the petition
 16 1 is filed, but the board has not completed its deliberations
 16 2 within that three-year period, the three-year period may be
 16 3 extended by the board to allow completion of deliberations. A
 16 4 petitioner shall not file a petition for the same or a similar
 16 5 project that has been rejected within sixty months following
 16 6 the date of rejection if the rejection was for failure to be
 16 7 approved within three years following the date the petition
 16 8 was filed as provided in this subsection.

16 9 c. In considering whether to grant a petition that involves
 16 10 the taking of property under eminent domain, section 478.3,
 16 11 subsection 3, is not applicable, and the term "public" shall be
 16 12 interpreted to be limited to consumers located in this state.

16 13 Sec. 38. EFFECTIVE UPON ENACTMENT. This division of this
 16 14 Act, being deemed of immediate importance, takes effect upon
 16 15 enactment.

16 16 Sec. 39. APPLICABILITY.

16 17 1. This division of this Act is applicable to petitions
 16 18 for franchise filed on or after November 1, 2014, that have
 16 19 not been approved by the utilities board on or after the
 16 20 effective date of this division of this Act, and to petitions
 16 21 for franchise filed on or after the effective date of this
 16 22 division of this Act.

16 23 2. For petitions for franchise filed with the board
 16 24 prior to the effective date of this division of this Act,
 16 25 the three-year approval period specified in section 478.6A,
 16 26 subsection 2, paragraph "b", shall not be applicable, and such
 16 27 petitions for franchise shall be considered rejected by the
 16 28 board subject to the terms and provisions of section 478.6A,
 16 29 subsection 2, paragraph "b", if not approved by the board
 16 30 within two years following the effective date of this division
 16 31 of this Act.

16 32

DIVISION VIII
 SOLAR TAX CREDIT

16 33

16 34 Sec. 40. Section 422.11L, Code 2016, is amended by adding

transfer of a franchise during the sale of a merchant line; and
 Subsection 2(c), relating to the granting of a petition involving eminent
 domain.

Provides that this Division takes effect on enactment and is applicable
 to petitions filed on or after November 1, 2014. For petitions filed with
 the Iowa Utilities Board prior to the effective date of this provision, the
 three year approval period is not applicable. Such petitions are
 considered to be rejected by the Board if not approved within two
 years of the effective date of this provision.

CODE: Couples the Iowa Solar Energy System Tax Credit with the

16 35 the following new subsection:
16 36 NEW SUBSECTION 6. For purposes of this section, "Internal
16 37 Revenue Code" means the Internal Revenue Code of 1954, prior
16 38 to the date of its redesignation as the Internal Revenue Code
16 39 of 1986 by the Tax Reform Act of 1986, or means the Internal
16 40 Revenue Code of 1986 as amended to and including January 1,
16 41 2016.

federal Internal Revenue Code (IRC) for tax years beyond tax year 2015. With the enactment of HF 2433 (IRC Update and Manufacturing Consumables Tax Exemption Act of 2016), Iowa's tax code is generally coupled with the federal IRC, but only through tax year 2015. The Iowa tax credit is equal to a percentage of the federal credit. The federal credit expires after calendar year 2021.

FISCAL IMPACT: Coupling the Iowa Solar Energy Tax System Credit with the federal IRC for tax years beyond 2015 will extend Iowa's credit through the 2021 federal expiration date. Without this coupling provision, the Iowa credit will not be available for tax years after 2015. The fiscal impact of this change is estimated to reduce projected General Fund revenue as listed below:

- FY 2018 = \$2,500,000
- FY 2019 = \$3,500,000
- FY 2020 = \$3,800,000
- FY 2021 = \$4,000,000
- FY 2022 = \$4,100,000
- FY 2022 through FY 2032 in total = \$12,000,000

NOTE: House File 2468 (Revenue Department Miscellaneous Changes Act) includes identical language to Division VIII of this Act.

16 42 Sec. 41. RETROACTIVE APPLICABILITY. The following
16 43 provision or provisions of this division of this Act apply
16 44 retroactively to January 1, 2015, for tax years beginning on
16 45 or after that date:
16 46 1. The section of this division of this Act enacting
16 47 section 422.11L, subsection 6.

Provides that the changes in this Division apply retroactively to January 1, 2015, for tax years beginning on or after that date.

Summary Data

General Fund

	<u>Actual</u> <u>FY 2015</u> <u>(1)</u>	<u>Estimated</u> <u>FY 2016</u> <u>(2)</u>	<u>Final Action</u> <u>FY 2017</u> <u>(3)</u>	<u>Item Veto</u> <u>FY 2017</u> <u>(4)</u>	<u>Net Final</u> <u>FY 2017</u> <u>(5)</u>
Justice System	\$ 0	\$ 0	\$ 200,000	\$ 0	\$ 200,000
Unassigned Standings	0	0	-26,653,099	0	-26,653,099
Grand Total	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ -26,453,099</u>	<u>\$ 0</u>	<u>\$ -26,453,099</u>

Justice System General Fund

	Actual FY 2015 <u>(1)</u>	Estimated FY 2016 <u>(2)</u>	Final Action FY 2017 <u>(3)</u>	Item Veto FY 2017 <u>(4)</u>	Net Final FY 2017 <u>(5)</u>	Page and Line # <u>(6)</u>
<u>Public Safety, Dept. of</u>						
Public Safety, Dept. of						
Human Trafficking Office	\$ 0	\$ 0	\$ 200,000	\$ 0	\$ 200,000	PG 3 LN 29
Total Public Safety, Dept. of	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 200,000</u>	<u>\$ 0</u>	<u>\$ 200,000</u>	
Total Justice System	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 200,000</u>	<u>\$ 0</u>	<u>\$ 200,000</u>	

Unassigned Standings General Fund

	Actual FY 2015 <u>(1)</u>	Estimated FY 2016 <u>(2)</u>	Final Action FY 2017 <u>(3)</u>	Item Veto FY 2017 <u>(4)</u>	Net Final FY 2017 <u>(5)</u>	Page and Line # <u>(6)</u>
<u>Education, Dept. of</u>						
Education, Dept. of						
AEA State Aid Reduction	\$ 0	\$ 0	\$ -18,750,000	\$ 0	\$ -18,750,000	PG 2 LN 13
Total Education, Dept. of	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ -18,750,000</u>	<u>\$ 0</u>	<u>\$ -18,750,000</u>	
<u>Legislative Branch</u>						
Legislative Branch						
Legislative Branch - Adjustment	\$ 0	\$ 0	\$ -5,400,000	\$ 0	\$ -5,400,000	PG 2 LN 1
Total Legislative Branch	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ -5,400,000</u>	<u>\$ 0</u>	<u>\$ -5,400,000</u>	
<u>Governor</u>						
Governor's Office						
Interstate Extradition - Reduction	\$ 0	\$ 0	\$ -3,032	\$ 0	\$ -3,032	PG 3 LN 15
Total Governor	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ -3,032</u>	<u>\$ 0</u>	<u>\$ -3,032</u>	
<u>Human Services, Dept. of</u>						
General Administration						
Nonresident Transfers - Reduction	\$ 0	\$ 0	\$ -67	\$ 0	\$ -67	PG 3 LN 1
Total Human Services, Dept. of	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ -67</u>	<u>\$ 0</u>	<u>\$ -67</u>	
<u>Public Safety, Dept. of</u>						
Public Safety, Dept. of						
POR Unfunded Liabilities - Reduction	\$ 0	\$ 0	\$ -2,500,000	\$ 0	\$ -2,500,000	PG 1 LN 9
Total Public Safety, Dept. of	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ -2,500,000</u>	<u>\$ 0</u>	<u>\$ -2,500,000</u>	
Total Unassigned Standings	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ -26,653,099</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ -26,653,099</u></u>	

Summary Data

FTE Positions

	Actual FY 2015	Estimated FY 2016	Final Action FY 2017	Item Veto FY 2017	Net Final FY 2017
	(1)	(2)	(3)	(4)	(5)
Administration and Regulation	0.00	0.00	5.00	0.00	5.00
Justice System	0.00	0.00	2.00	0.00	2.00
Grand Total	0.00	0.00	7.00	0.00	7.00

Administration and Regulation

FTE Positions

	Actual FY 2015 <u>(1)</u>	Estimated FY 2016 <u>(2)</u>	Final Action FY 2017 <u>(3)</u>	Item Veto FY 2017 <u>(4)</u>	Net Final FY 2017 <u>(5)</u>	Page and Line # <u>(6)</u>
<u>Secretary of State</u>						
Secretary of State						
Business Services/Operations FTEs	0.00	0.00	2.50	0.00	2.50	PG 8 LN 12
Admin/Elections/Voter Registration FTEs	<u>0.00</u>	<u>0.00</u>	<u>2.50</u>	<u>0.00</u>	<u>2.50</u>	PG 8 LN 1
Total Secretary of State	<u>0.00</u>	<u>0.00</u>	<u>5.00</u>	<u>0.00</u>	<u>5.00</u>	
Total Administration and Regulation	<u><u>0.00</u></u>	<u><u>0.00</u></u>	<u><u>5.00</u></u>	<u><u>0.00</u></u>	<u><u>5.00</u></u>	

Justice System

FTE Positions

	Actual FY 2015 <u>(1)</u>	Estimated FY 2016 <u>(2)</u>	Final Action FY 2017 <u>(3)</u>	Item Veto FY 2017 <u>(4)</u>	Net Final FY 2017 <u>(5)</u>	Page and Line # <u>(6)</u>
Public Safety, Dept. of						
Public Safety, Dept. of						
Human Trafficking Office	0.00	0.00	2.00	0.00	2.00	PG 3 LN 29
Total Public Safety, Dept. of	<u>0.00</u>	<u>0.00</u>	<u>2.00</u>	<u>0.00</u>	<u>2.00</u>	
Total Justice System	<u>0.00</u>	<u>0.00</u>	<u>2.00</u>	<u>0.00</u>	<u>2.00</u>	